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From:

Sent: Wednesday, May 20, 2009 8:17:43 AM

To:

Cc:

Subject: Section 6166 "Passive Asset" Determination

This e-mail is to confirm the conversation we had earlier this week. You asked whether money owed by the decedent's son's company to the decedent's company over 10-15 years of using the father's company's operational services, administrative support, equipment use and services is a passive asset. The son kept track of the money he owed the father's company, but did not make any payments. A "passive asset" is defined in section 6166 as any asset other than an asset used in carrying on a trade or business. Money owed by the son's company to the decedent/father's company that has been accumulating over so many years is not as an asset needed for the conduct of the father's active business. Therefore, the asset is a passive asset under section 6166.

Please let me know if you have any questions.